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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of )  
 )  
The Merger of MCI Communications ) GN Docket No. 96-245  
Corporation and )  
British Telecommunications plc )

**REPLY COMMENTS OF THE SECRETARY OF DEFENSE**

The Secretary of Defense, for the Department of Defense (DOD) and as Executive Agent of the National Communications System, previously filed comments in this proceeding on 24 January 1997.

Those comments stated there were several national security issues raised by the proposed merger and transfer of control, that DOD had a strong commercial relationship with MCI, and that DOD was therefore working closely with MCI to address those issues. DOD stated it believed it could resolve those issues during the Committee for Foreign Investment in the United States (CFIUS) process, but if unsuccessful, would seek to have the Commission impose some limited conditions on the terms of the merger and transfer.

It now appears to DOD that the CFIUS is not the appropriate forum and the Commission will be asked to impose certain national security conditions as part of its processes.

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We emphasize that DOD and MCI are not at an impasse and that MCI has been fully cooperative in these matters. On the other hand, it has become fairly clear to DOD (and to MCI) that only the Commission has any real practical power to enforce any agreements made between DOD and MCI.

DOD has developed its position on these matters and shared it with MCI. MCI has cooperated thus far but there remain matters, mostly procedural, to resolve. High level negotiating sessions are scheduled this week to finalize the details. We will keep the Commission informed of developments.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Mai-Tai Powell, do hereby certify that the forgoing "Reply from Department of Defense", dated March 17, 1997, have been sent by United States mail, postage prepaid, to the parties listed on the attached service list.

A handwritten signature in cursive script that reads "Mai-Tai Powell". The signature is fluid and extends to the right.

/s/ Mai-Tai Powell  
Mai-Tai Powell

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